



PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 900

FY-04-72

NATURAL GAS RATES TO CHANGE FOR FIDELITY NATURAL GAS, INC. CUSTOMERS UNDER SCHEDULED WINTER NATURAL GAS FILING

Jefferson City (October 31, 2003)---To reflect estimated changes in the cost of natural gas for the winter season as well as changes to the Company's Actual Cost Adjustment (ACA) factor, Fidelity Natural Gas, Inc. natural gas customers will experience an increase in natural gas rates under a scheduled winter season filing reviewed and accepted by the Missouri Public Service Commission. This rate change, effective November 1, 2003, is interim subject to refund.

The ACA is a mechanism which tracks actual natural gas costs over a 12 month period. It ensures that what the natural gas company pays to its suppliers for natural gas is in fact what it recoups in rates from its customers. The ACA makes adjustments to rates if any over or under collections of natural gas costs occurred over the last 12 month period.

A residential customer currently pays \$0.6239 per Ccf (100 cubic feet of gas). Under this filing, the rate will increase to \$0.6763 per Ccf, an increase of approximately 5.2 cents per Ccf. The effect on a typical residential heating customer for the winter season (November through March) is an increase of approximately \$47 when compared to rates currently in effect.

Approximately 65% to 80% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. **The wholesale cost of natural gas** (the cost your local natural gas company must pay to its suppliers for natural gas) **is not regulated by the Missouri Public Service Commission.** The wellhead cost of natural gas is unregulated and is primarily driven by supply and demand. The Missouri Public Service Commission does conduct an annual regulatory review to ensure that regulated gas companies make prudent decisions in securing natural gas supplies for their customers.

Fidelity Natural Gas, Inc. serves approximately 1,211 natural gas customers in Sullivan, Missouri.